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RALSTON'S RING

CALIFORNIA PLUNDERS
THE COMSTOCK LODGE

BY
GEORGE D. LYMAN



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ACKNOWLEDGMENTS

Most of the characters in this book I have met, many times, either on the Comstock or in San Francisco. All of them were my father's friends or acquaintances. With some of these, for forty-odd years, he enjoyed the closest intimacy; while others were business associates, pure and simple. As such, the facts of their lives as they pertained to "the Lode" or "the city" were familiar to me from childhood.

What were they? Lilliputians or men of heroic mould?

To me they seemed made of the stuff which inspired the Norse sagas; of the fiber out of which the Lied of the Nibelungs was woven.

Theirs were the same problems: first the struggle with fire, water, earth, and air for bare existence. When those elements were subdued, the contest with man's greed, avarice, envy, hatred, and duplicity. For what? For gold, plaudits, or supremacy? The goals of most human ambitions.

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GEORGE D. LYMAN.

CHAPTER IV

TIBBEY OR SHARON

1864

Back in San Francisco, Ralston plunged immediately into making his bank the center of San Francisco and California development.

From the first, Donohoe, Ralston & Co. took the lead in financial circles. Immense bullion shipments from the mines of the Comstock Lode passed through their hands. In no time at all, with the magic of California, the firm made a great deal of money, and Ralston became a prince of fortune. Now he lived on Rincon Hill surrounded by gardens and attended by horses, carriages, and servants galore. One night, shortly after his marriage, he gave a magnificent ball there in honor of his bride. For the occasion, a beautiful ivory-tinted, temporary ballroom was constructed adjoining his house. Its interior was lined with mirrors and finished in the Empire style. Out of compliment to their princely host the women guests came garbed in gowns that would have done credit to the court of Napoleon III and Eugenie.¹

From the first the Comstock Lode had fascinated Ralston. He had been the first to appreciate the possibility of harnessing its wealth to the business development of San Francisco.² On the strength of those mines he intended to develop San Francisco into a greater city than New Orleans. He looked upon those mines as an excellent investment. He felt they would go on producing forever and paying big returns on any investment. To all who came to his office seeking advice regarding investments, he always recommended Comstock holdings. To show his faith in them he had already loaned a large percentage of his bank's principal to Comstock enterprises or establishments of different kinds, like Donohoe's foundry or the Vulcan Iron Works of San Francisco, which were constantly engaged in turning out machinery, cages, engines, etc.,

for the mines. Thus San Francisco and the Comstock Lode became one and indissoluble: a vicious circle. Californians invested their wealth in the Lode. In return Comstock bullion, in a steady stream, poured into the development of San Francisco.³

But the lure of the Comstock did not entirely wean Ralston from his love of the sea. Once in a while he made loans to promote water-ways. When Captain J. C. Ainsworth, his old Mississippi River friend, wanted to develop a steamship line on the Columbia River, Ralston accommodated him with a large sum of money.

Kelly, Ralston's New York partner, looked with ill favor on such loans.⁴

"If you're going to lend money outside of California in that way," he complained testily, "we had better dissolve partnership."⁵

In the past Ralston had often been provoked over these remarks. The relationship had become strained. When Kelly wanted to move their banking concern to New York, Ralston would not listen.⁶ By that time he had become too deeply involved in California. The firm had made its money in San Francisco, he retorted. Its profits should promote the city's welfare. Continually now Donohoe found one thing or another to criticize in the character of Ralston's loans:⁷ his security was inadequate; such loans were not good banking, or he was taking too many chances.

Kelly was too conservative for a new country, Ralston contended. While the controversy waxed increasingly bitter, Ralston made up his mind to break away from his partners and found a new company in which his own policies would be paramount. Secretly he went about his plans. Before either Kelly or Donohoe knew what had happened, the Bank of California had been organized, and Ralston had taken with him some of the best accounts, notably all of those connected with the Comstock Lode.

As quickly as subscriptions to the new bank stock poured in, Ralston invested them in choice paper, discounts, bonds, etc., but mostly in Comstock Lode properties. So that when the new bank opened its doors, it started out with a goodly amount of business on

its books. So quietly had Ralston planned these maneuvers, that never once had Donohoe and Kelly suspected what was happening⁸ beneath the surface.

When they discovered what had occurred, they were both amazed and not a little nettled. They would make Ralston regret his secrecy. He had not been frank with them.

So had the Bank of California come into existence. More and more, as Ralston's faith in the Comstock had increased, the capital funds of the organization had been re-invested in or loaned to mills, foundries or mines directly dependent on the continued production of the Comstock Lode.

Thus Ralston had been greatly alarmed for the safety of his institution when, one day, a terrific crash occurred on the San Francisco stock market and Comstock holdings began to crumble in value. The Lode was finished, ran street gossip.

"Gould and Curry," which had been paying a dividend of \$125 a share or a foot, cracked at \$6300 and ran rapidly down to \$2400, and then to \$900. "Ophir" fell from \$1580 to \$300. "Savage" went down from \$2600 to \$750.⁹ "North America" to \$105. "North Potosi" to \$68. It was frightful.

So rapidly did shares rain on the market from all directions that hundreds of prominent men were ruined. Was it a panic? Ralston asked himself. Never had there been such a tumble in Comstock stocks. Worst of all, alarming reports were circulating: the underground workings of the greatest producers like "Gould and Curry" and "Ophir" were flooded with water. An inexhaustible flow, from where, no man knew, was rushing pell-mell through drift and winze, drowning out ledges and clogging up stopes. Old miners said it was the end of the Comstock. No pump could handle such floods. They began to fold up their tents, buy prairie schooners and strike out for Austin, Belmont, and other desert camps to the East.

It was at this very time when the mines were being drowned out and the San Francisco stock market was crashing, that word had reached Ralston that the Bank of California's trusted correspondents on the Comstock Lode, Stateler and Arrington, had failed. What

alarmed Ralston most of all was that Stateler and Arrington owed the Bank of California a large sum of money.¹⁰

For several years Stateler and Arrington had handled the large account of the rich "Gould and Curry Gold and Silver Mining Company," of which Ralston was treasurer. Because Ralston had trusted the firm as honorable men he had given them the privilege of overdrawing their account. On the first of every month "Gould and Curry," "Ophir," "Mexican," and other mining companies with which Ralston was connected, needed large amounts of gold coin to pay off their miners, teamsters, and oremen. To facilitate matters, Stateler and Arrington had been granted the right to supply this money. But they had imposed upon the privilege. Without Ralston's knowledge they had become gamblers and carousers, and had overdrawn their account and failed when really solvent. It had been a shameful proceeding. More than anything else Ralston hated to be disappointed in those in whom he had placed trust.

Not only had the Comstock firm overdrawn their account, but they had left the Bank of California greatly embarrassed. As a large percentage of the Bank's capital had been involved, Ralston feared that its security had been jeopardized.¹¹

Besides, it was imperative to continue the business relationship with the Comstock Lode. Not only did the safety of the bank depend upon the continued productivity of the mines, but also on salvaging as much as possible from the defunct Stateler and Arrington account.

On account of the seriousness of the situation, Ralston resolved to send Edney S. Tibbey, his receiving teller, one of the most reliable men in his employ, to Virginia City.¹² Tibbey was thoroughly familiar with the bank and its mining loans. He understood Ralston, and Ralston understood him. For such an important post, Tibbey was the logical choice. He could be trusted. One day Ralston sent for Tibbey to come to his office. He explained to him about the Stateler and Arrington failure, their account and the importance of the Lode investments.

Would Tibbey "go up there?"

Tibbey replied that he would.

Ralston took up the appointment with the directors. Finally, it was agreed that Tibbey should be shifted to Virginia City.

Tibbey made ready to depart. He even had the place of residence on his life insurance policy changed from San Francisco to Virginia City.

When Colonel Fry and Wakelee heard of this Comstock opening, they came to Ralston: he must consider Sharon for the position.¹³

Ralston, though favorably impressed, hesitated.¹⁴ Sharon was hardly the man for the emergency. He knew nothing about the mining game. Besides, Ralston had made final arrangements.

When Fry and Wakelee found out about Tibbey, they offered to pay Sharon's \$15,000 bond which the bank demanded.¹⁵ Still Ralston did not like the idea. Virginia City would require a man familiar with the home bank and its investments, he explained. Sharon knew nothing about banking.

Fry and Wakelee were insistent. Always liking to please his friends, Ralston allowed himself to be persuaded. Sharon was slated for the appointment. One day he came to Ralston's office for final instructions. Ralston outlined the importance of the Comstock to the Bank of California and to San Francisco's development. Did Sharon think he could handle the situation?

But Sharon was hardly listening to what Ralston was proposing. Past events still lay too heavily upon his mind.

"I'll get even," he swore, as he left Ralston's office to take up his duties in Virginia City. "I'll get even with the Comstock yet."¹⁶

CHAPTER V

A PERILOUS POSITION

1864

At the last moment Ralston weakened. He dispatched his brother, James Alpheus Ralston, to Virginia City. He was far from confident that Sharon could straighten out the Bank of California's tangled affairs on the Comstock. In the meantime Brother James would be a check upon his movements.

On the heels of his stock-market fiasco, Bill Sharon arrived in Virginia City and put up at the International Hotel on "C" Street. Not only was he bent on getting even with the Comstock Lode, but he was determined to justify Ralston's faith in him. Not every banker would have entrusted matters of such colossal import to one who had so lately lost his money. And Sharon intended to prove to the directors that Ralston's choice had not been misplaced.

By the time of his arrival, Wells Fargo & Co. had carefully sifted the Stateler and Arrington securities and appropriated the cream to satisfy their own account. From the remainder, Sharon chose so wisely that the Bank of California recovered nearly the full amount of Ralston's advancements.¹

Sharon's able execution of this matter pleased Ralston, but did not lessen his worries. Unfortunately, aside from the Stateler and Arrington account, the greater part of the Bank's capital was tied up in Comstock mines and mills. And mine security meant ore: potential and actual. Failure of those deposits would mean the failure of the whole woof and warp of the Pacific Coast's financial fabric. So closely had the business life of San Francisco, affairs of the Bank of California, and production on the Comstock Lode become interwoven. When Ralston had made those investments, he believed with all speculative San Francisco that the Comstock Lode was as

inexhaustible as the mines of Peru. Like the Bank of England or the Rock of Gibraltar, he had felt that the mines would endure forever and would withstand any amount of financial shock. Convinced of that opinion, he had poured the Bank's capital into Washoe mines and mills, without stint.

When he had finished the Stateler and Arrington matter, Sharon began examining the general Virginia City situation. The financial outlook was dismal. Sharon could see that Ralston was in an embarrassing position. Where could he get enough ore to feed those mills, to which the bank had made big commitments? One by one, Sharon visited the mines: the "Ophir," the "Gould and Curry," the "Chollar," the "Belcher," the "Yellow Jacket," and a score of other hitherto promising properties in which Ralston had tied up his capital. Down he went into their dripping shafts: in every one, to be stopped by water. Try as he would in any one of them he could not go below the 500-foot level, not even if he had donned a diving-suit, for the water in the sumps was dark, offensive, and scalding hot. Poisonous gases pricked at his eyes, burned his lungs and made his head swim. The moist, ill-smelling air sickened him.

In every shaft pumps were groaning and grating. Every stroke proclaiming louder than words that the task of lifting those underground floods to the surface was too great for machinery. Every sense convinced Sharon that the great Lode was drowned out. Where could Ralston find the means to relieve the Lode of water?

Sharon rounded up all the mining experts on the Comstock, and confronted them with the problem. He talked to foremen, to superintendents, to the miners themselves. The outlook was the gloomiest old Comstockers had yet faced. Every one was dismayed by the unprecedented underground floods. Their conviction was fixed! The Comstock was not so much a played-out camp as a drowned-out one.²

From the water question, Sharon turned to the Lode itself. He made himself as familiar as a geologist with its formation, its ore-bodies and their relationship to the barren portions as well as their

relative positions one to the other. He studied the cost of lumber, of teaming, of ore reduction, of operating hoists, of pumping and furnaces. The struggle of horse, ox, and mule to carry on the Comstock's gigantic lumbering and wood program was galling to him. Work on the Comstock was not systematized. Too many men had a finger in the pie.

Besides, he had assays made of the ore in every mine in which Ralston was interested—not one assay but many assays. Not trusting local assayers, he had one of his own nephews trained in the art. "We must have an ore expert in the family," he had explained. Together they had tested and re-tested. Checked and re-checked. Down to the very water-level in the mines tests ran high. In many cases the higher the assay the closer to the water-level, thus substantiating Sharon's belief that there was richer ore under the water than had as yet been uncovered. Deep mining was Ralston's salvation. They must get below the water-level.

Thus Sharon became somewhat of a mining expert: one of the best informed and most skillful then on the Comstock. No man on the Coast, not even Ralston, had so clear an understanding of the exotic conditions under which the Lode thrived, of the difficulties under which it was provisioned, mined, milled, supplied with water to drink and wood to burn.

After his examination was complete, Sharon came to a shrewd conclusion: he had reached the place where all the money on the Pacific Coast was coming from. But it was being mined and milled in an extravagant manner.³ Perhaps the Comstock was exhausted to the depth of 500 feet—but only perhaps? Below the ill-smelling sumps, Sharon felt assured, the Lode was alive with probabilities.

Below the water it would continue foot after foot, bonanza beyond bonanza. All Ralston had to do was solve that problem. Sharon had absolute faith in Dame Nature. She was not given to eccentricities. One line of mineral gave promise of another. She might exhibit faults, even dance upon a tangent; but eventually she would get down to business. The Comstock was a fissure vein—a true fissure vein. Upon that, all geologists had agreed. Many

times that fact had been decided beyond a scintilla of a doubt, in spite of the millions squandered to prove the opposite before packed juries and profligate judges.⁴

Beyond the water, Sharon was confident, nature would continue to lay down her bonanzas, row after row of them, tier upon tier, like eggs in a crate. A future brighter than any past awaited the Comstock. The drowned could be resuscitated and made to live again. Ralston had no worries provided he would listen to him.

Sharon made two recommendations to his chief, first:

The Bank of California must monopolize the Comstock both above ground and below the earth's surface. It must control the water which the miners drank, the food they ate, the timber in the Sierra, all hauling and draying. Most of all the Bank must control every mine and mill on the Comstock Lode. Everything on the bald old mountain must be under Ralston's thumb, and he, William Sharon, must be his representative on the Lode.

Second: The water must be drained off the Lode. How? Sharon didn't know. But before anything could be accomplished they must get rid of that problem.

To accomplish these ends, Sharon suggested that Ralston should establish a branch of the Bank of California at Virginia City, which would carry on a general banking business of deposit, discount, and exchange, and should put him in charge as manager. In that way, Sharon pointed out, Ralston would at all times know the exact status of local mining operations, of all collateral, industries, and enterprises. The financial pulse of the Comstock, as it were, would throb under his thumb and he could administer to the Lode's plethora or debility as the case might be.

Sharon insisted that Ralston, having risked great financial outlays on mining enterprises, should know every detail of their operations and have the power to control them. This could be accomplished only through founding a branch bank at Virginia City and appointing a manager.⁵ If Ralston would agree to this plan, Sharon promised to move to Virginia City, to devote the next five years of

his life to the Comstock Lode and to salvaging the capital funds of the Bank of California.

Daring operator that he was, the future of the Comstock Lode filled Ralston with qualms. If the mines should fail, if there was nothing beyond the sumps but porphyry, how could he extricate himself? What would become of the large sums already advanced upon milling and mining property? The capital of the Bank of California would be lost. His dream of a greater San Francisco would be more fallacious than a desert mirage. Mills, machinery, all the towns of Washoe would be worthless if the fissure continued barren below the water-level. Collapse of the mines would mean collapse of the Bank of California and all its subsidiaries. It was a sickening thought. He was inextricably involved.

Ralston clung to Sharon's recommendations as the drowning to a straw. He had not failed to mark Sharon's shrewd intelligence, his boldness of enterprise, his strength of will and perseverance.⁶ In the end, in spite of initial doubts, he was convinced. If any one could salvage the Comstock, Sharon would; and he determined that a branch bank must be established in Virginia City and that Sharon must be put in charge. But the Bank's directorate was not so confident. They favored the project of a Bank branch, but they did not second the appointment of Sharon as manager. They were technical in their regard of men. They had amassed their possessions by care. They held them by watchfulness. Sharon was a plunger. With one misstep, he had lost his wealth. No, Sharon was not the man for this emergency. A far saner individual, not a gambler, was required.

"A man who has lost his own fortune," announced one director, "is not the most suitable person to administer the affairs and fortunes of others."⁷

But Ralston was determined. He knew the stock market, he knew the treacherous manner in which Sharon had lost his estate. He also knew all the care, forethought, and knowledge that had gone into the making of that fortune. Failure had added to Sharon's

stature. Ralston made up his mind quickly: Sharon was the only man for the Comstock job. The directors must yield.

But the directors were not convinced. One day it was brought out in meeting that Sharon was a confirmed poker player.

Ralston listened with amusement to this random gossip. He was only interested in one thing.

"Does he play poker well?" he queried.

"No one on the Coast can play better," came the reply.

"There," affirmed Ralston. "Sharon is the very man we want."⁸

Ralston pressed his advantage. As usual the directors yielded to Ralston. After all, they had perfect confidence in his masterly methods. Had he not raised the Bank of California to foremost rank among financial institutions on the Pacific Coast? Did he not give them a one per cent dividend every month?⁹ Never had they seen any one make money as Ralston did.

On the 6th of September, 1864, in the quarters lately occupied by Arnold and Blauvelt, on the corner of C and Taylor Street, a branch of the Bank of California was founded. The wily William Sharon was put in charge.¹⁰

With no illusions left, Sharon's one idea was to get even with the thing that had almost destroyed him.

CHAPTER VI

WATER

1864-1865

"Water, water, everywhere!"

Nothing in sight but water.

Interminable floods of subterranean water. Dry as the Lode was on the surface, underground it was as wet as the bottom of the sea. Mine after mine was afflicted by the influx. Water that neither man, ingenuity, pump, nor engine could handle. All of Sharon's reports began and ended with the scuttling of the mines.

While Sharon was probing and inspecting old ground in the "Chollar" and "Yellow Jacket," Ralston began to have misgivings.¹ Every report from Virginia City bore but one import—water. Apparently there was to be no end to the fight against it.

Perhaps Sharon was right—perhaps there were undiscovered bonanzas in the "Ophir," "Gould and Curry," "Best and Belcher," "Chollar," or "Yellow Jacket." Bonanzas richer than any yet disclosed. But what good would they be if they were submerged in water and vaporous heat? Who could tap them or even reach them? It was not a question of pick or shovel or crowbar, but of hoisting-tanks and some bailing-out method. Such were the problems that crowded Ralston.

Nor could Ralston get the most out of his underground workmen. They were fear-ridden. Every second, dread of hidden reservoirs of pent-up water in unseen chambers assailed them. Their blasts would liberate a flood. They would be drowned like rats in a tunnel. With every stroke of the pick against the header, they would look for a trickle or spout of water. Before swinging it again they would listen for the throb of the pumps. It was horrible to work in darkness consumed always by fear of pent-up water.²

Once an unwary "Ophir" miner, working in the semi-darkness

of the 400-foot level, had plunged his pick through a clay-seam. To his surprise a stream of hot water had shot out of the opening, almost knocking the workmen over. One miner had been badly scalded. Another had been caught and killed. Others had run, barely escaping with their lives.³

Fifty hours later, candles in hand, the miners had returned to the drift to investigate. What did they find in that stygian darkness? A subterranean lake of hot, steaming, ill-smelling water, 100 feet long, 30 feet wide, and 21 feet deep. The glow from their candles burned feebly in the oxygen-impoverished atmosphere and threw a sickly track of light across its turgid surface.

Hardly had that lake been drained than another "water-pocket" was tapped and the miners set racing for ladders and safety. The day following had disclosed a well of water, 160 feet deep, at the bottom of the shaft.⁴ Although the "Ophir's" ore-body had not exhausted itself, work had to be abandoned until more powerful pumps and more engine power could be engendered.

Water gave the Comstock such a discouraging outlook that Ralston would have recalled, if he could, every cent invested in the Lode.

Everywhere the same story repeated itself. The water seemed to lie in wait for the miners and dispute the ground with them inch by inch. Insentient monster that it was, it seemed endowed with human cunning. Foiled at one point, it would appear at another. When the miners were off guard and working in fancied security, it would creep up on them and scare them half to death. If they lopped off one head, a hundred others, with inexhaustible vigor, would crop out elsewhere.⁵

When the shaft of "Central No. 1" sank to a depth of 562 feet and ran into a flood of hot water, the Company became disheartened and gave up the attempt of making further progress. Had they only had the fortitude to penetrate a little further! For the "Central" and all adjoining territory then belonged to Ralston's Ring.

In their turn, "Overman" workers were drowned out and the Company forced to suspend underground operations. When "Yel-

low Jacket's" shaft reached a depth of 317 feet, an unsuspecting pick-prick liberated a stream of water $2\frac{1}{2}$ inches in breadth. Swiftly the works had been flooded and another mine had to be surrendered to the hundred-headed hydra that was uprearing its head in practically every shaft on the Lode. It was as if those floods were trying to warn Ralston in time, and drive him away from Washoe forever.

But Ralston responded to these inundations with greater vigor. In the "Gould and Curry," which had become one of the wettest shafts on the Lode,⁶ he had installed a monster engine and pump, designed and built by the Vulcan Iron Works on Third Street, San Francisco. When finished, he had it set up in a rock-hewn chamber 42x22 feet, 200 feet below the earth's surface. To give this colossal engine proper support, a massive foundation of stone, 22 feet long, 8 feet wide, and 16 feet deep, had been laid. To this ponderous groundwork, the engine's bed-plates were securely clamped with iron bolts. With this Vulcan-constructed pump Ralston felt he had worsted the subterranean floods.

After the installation, the superintendent, the foreman, and a delegation of San Francisco officials, many of them in broadcloth and silk hats, were lowered into the shaft and took up their positions. When all was ready, a signal was given. Slowly the huge iron machine, like a great antediluvian sloth coming to life, began to move and hiss. Then the friction wheels of the hoisting gear, ten feet in diameter, began to revolve. Gradually the water in the sump was seen to recede. There was great rejoicing. So pleased was the superintendent with the result that chilled champagne and Russian caviar, previously provided, were served. Standing, all drank a toast to the Vulcan pump, which had worsted the Comstock's bitterest enemy:⁷ water.

One day, eight months later, the aqueous monster tore that fifty-horsepower Vulcan engine from its foundations. Was there ever anything more discouraging?

The sinking of the shaft had to be discontinued. Ralston was disgusted but only for a moment. Comstock floods must be sub-

dued. From a San Francisco foundry he ordered an engine of 120 horsepower, a bigger boiler and a new pump bob, capable of reverse motion. By then, the "Gould and Curry" had reached a depth of 725 feet, but 100 feet of water stood in the sump. Daily the evil-smelling monstrosity was rising higher in the shaft. Almost a year had elapsed before he could turn the power of those 120 horses against the sump.

In the meantime it began to look to Ralston as if the Comstock Lode had met the fate of the Real del Monte in Durango or the Quebradilla in Zacatecas, or that of the rich mines of Guanajuato.

Not only the fate of the Comstock, but the fate of San Francisco was dependent on the war which iron and steel pump must wage against water.

Never had Ralston dreamed that he would be forced to resort to such drastic measures.⁸

CHAPTER VIII
COMSTOCK AGENCY OF THE
BANK OF CALIFORNIA

1865

Apprehension as to his investments drove Ralston into big business. He must get a strangle hold on the Comstock. He must force the small fry out. The Bank of California must be as omniscient in mining circles as it was in San Francisco. Everything on the Comstock must be controlled by him or quit. No interference could be tolerated. Accordingly, he mapped his program.

All other Virginia City banks, such as Wells Fargo & Co., with Homer S. King as cashier; Paxton and Thornburgh; Ruhling & Co.; and B. F. Hastings, with Joseph L. King as clerk, were making loans to mine and mill owners at the rate of 3 per cent to 5 per cent a month.¹

Ralston changed all this. To get business, he reduced the prevailing rate of interest to $1\frac{1}{4}$ per cent, even to 1 per cent when necessary. With commendable assurance he advertised he would take certificates of stock as well as property as security.² As a consequence, mill and mine owners found it to their advantage to borrow from Ralston at the lower rate of interest and to change their accounts from the Wells Fargo and other banks to the new agency.³ Before long, Ralston's branch bank had made loans of varying degrees to all the biggest and most important mills and mines. He wasn't interested in the smaller ones. He would take care of them later. In his safes certificates of stock began to pile up. They could be used for voting purposes and hence for control of the San Francisco stock market.

As long as ore bodies had endured, the mills could easily pay interest and make money; but as soon as the ore product began to dwindle, the music of the stamps ceased and mill owners found

COMSTOCK AGENCY OF BANK OF CALIFORNIA 55

themselves at the bank. They could not pay the interest on their loans. But Sharon would not listen to any tales of woe. "Business was business," he told the owners when they appealed for time. Mercilessly, down he clamped when interest failed to materialize promptly. Pay or surrender. That was the ultimatum. This was all part of Ralston's program. No exceptions were to be made. The Ring must control.

First the "Swansea," one of the finest mills on the Lode, in a twelvemonth seven other large equipped quartz mills, with all their water right contracts and privileges, came into the Bank's clutches.⁴ Before long, ten to thirteen others fell into the hands of the agency.

When a mill, to which Sharon had made a loan, did not capitulate as rapidly as he felt it should, that mill was starved into submission. The amount of ore supplied would be cut to a minimum. In a short time the owner would find that he could not pay his workmen, let alone his interest. Then that mill, too, would surrender. If mine owners objected to this high-handed policy, they were told they could expect no more loans. Thus, one after the other, all the big mills, that the Bank had had their eyes upon, fell into the Bank's possession. Neither did the California institution mind the ruthless reputation it was earning on "C" Street. With so much at stake, they could not afford to be squeamish. What matter what disgruntled mine and mill owners thought? The Bank must be protected at all hazards.

All this time while mill property was capitulating and stock certificates were piling up in Ralston's vaults, water was rising higher in the sumps of his mines, gases were increasing in drifts and fire-damp was racing through his winzes. But no new bonanzas were discovered. With dread foreboding, Ralston realized that the underground water had not been conquered. How could shafts sink deeper or another bonanza be found, under such conditions?

The atmosphere in Ralston's San Francisco office became increasingly gloomy. Disgruntled directors haunted his desk. They regretted the organization of the branch agency in Virginia City. What good had it done? It was a drain on the Bank's resources. It

was costing money, not paying. What good were the twenty mills in the Bank's possession if they had failed to realize a tenth of their liabilities? What good were the mines? On account of the floods no one could get at their ore bodies. The directors became as despondent as the mine and mill owners in Virginia City. Some of the directors went to Ralston. They insisted that he close out this whole Virginia City business and stop the drain on their capital, abandon further effort there, realize what could be gotten out of the almost valueless assets and charge up the deficiency to profit and loss.⁵

Ralston turned a deaf ear to such a proposition. The directors didn't realize what that would mean. It would be suicide. It would mean the failure of his San Francisco program. Nevertheless he was filled with apprehension. His quick perceptions grasped one fact after another. If the large sums he had loaned on the Comstock were lost the credit of the home institution would be impaired. That was an unbearable thought to his pride.⁶

He summed up his strategy. It had been a failure. Mills had been bought for a song. But what good had that done? Unproductive mines and rusty ore crushers could not possibly relieve the heavy burden resting upon his shoulders.

For Ralston had become the Atlas of the Pacific. Upon his capable shoulders already rested the financial structure of the whole Pacific Coast. No one realized more bitterly than he that he could not sustain that position without the Comstock. His plans for a Pacific Empire, with San Francisco as the capital, had been founded on its continued support. Never had he dreamed that that great source of wealth could fail. He had counted on its continuance for centuries. With that idea in mind he had founded one manufactory after another in California.

By 1865, Ralston had taken over the defunct Mission Woolen Mills.⁷ He hated to see an industry that meant so much to California fail. Although, at the time, he was strapped for money, he had no intention of letting this occur.

The weight of all these projects had grown heavier and heavier on the shoulders of Atlas Ralston, and he faced with dismay a future with no Comstock to bolster him. Something must be done.

In the midst of these worries, Sharon wrote for an advance of \$750,000. He needed that sum to continue his explorations on the Comstock.

Was there ever a demand more absurd? Right then, Ralston needed \$750,000 to support his flagging San Francisco industries. Not a penny more could he sink in Comstock sumps.

Greatly alarmed over the requisition, Ralston and Mills determined to visit the Comstock. Before leaving San Francisco, the Bank's directorate made it plain that they intended to demand Sharon's resignation at the next meeting.¹⁶ They were through sinking money in mining camps. From the beginning they had been correct. Sharon had not been the pilot to steer the Bank of California argosy into safer waters.

Meticulous and conservative Mills was determined on one point: they must write Comstock Lode affairs off Bank of California's books. Ruthlessly they must be slashed. Their Washoe experiment must be put down to bitter experience and forgotten. Ralston knew what that would mean to San Francisco.

On rode Mills and Ralston, as fast as stage and steed could travel, over the Sierra, down into the Valley of the Carson and up the Washoe range to the Comstock. By the time they arrived, Ralston could see that Mills was right. Never had he known a more depressing outlook.

The Comstock presented a picture as melancholy as Ralston's thoughts: the camp was in eclipse. Fast and furious the miners were emigrating to Austin, White Pine, Belmont, and other desert-rimmed mining districts. Cabins, hovels, hotels were being pulled down and packed on prairie schooners. Already the population had shrunk 50 per cent. Merchants had grown grim-faced. Bartenders had pawned their diamond studs. Long ago the denizens of the crib district had doused their red lamps and relighted them on the rim of the eastern desert.

Not a mine was in bonanza. Many were abandoned. Their dilapidated works had become the haunt of coyotes. Old dump piles were being reworked for scraps of pay ore. The prevailing feeling was one of discouragement. Ralston and Mills were alarmed. The leading financial institution of the Pacific Coast had allowed itself to become a mine-supply company to a mining camp. Now it was played out. Icy grew the feeling about Ralston's heart. Perhaps there were bonanzas beneath the water. But where was the pump to prove it? Where the engineer to purge prevailing dropsy?

When Ralston and Mills went into conference with Sharon they were of one mind: to close out the Comstock so far as the Bank was concerned; realize what could be obtained from almost valueless assets, and charge up the deficiency to profit and loss. Mills was determined to get the Bank of California back into legitimate banking channels. What business had they dabbling in silver mines? That was not legitimate banking. He had said so all along. It was speculation. There must be an end of gambling.

When the conference opened, Sharon sensed it was the crucial moment of his career. But his cold black eyes were never bolder, his face never grayer, his expression never more inscrutable. What poker player could have foretold what trumps he held in his small shapely hand?

Sharon listened while Mills carefully outlined the firm determination of the Bank of California to abandon the Comstock and return to legitimate banking.¹⁷

As soon as Mills had finished speaking, Sharon took the floor. Fortified with data and statistics, he exhibited in cold figures the enormous extravagance under which, in every department of administration and of operation, the affairs of the Comstock had been conducted while producing ore. After ore bodies had failed he pointed out that this extravagance had been continued at the expense of the Bank of California.

Sharon went on. Now all the mills, mortgaged up to the hilt, had fallen into the Bank's power. They could close them or keep them going as they saw fit. The most productive of the mines, due

COMSTOCK AGENCY OF BANK OF CALIFORNIA 61

to loans made on stock certificates, had likewise fallen under the control of the Bank of California. It was the duty of the Ring to consolidate this control, to increase it, to elect mine directors whose management would be in accord with the wishes of the Bank. On he went, into the questions of timbering, teaming, provisioning, water rights. What fortunes had been made out of supplying the exotic Comstock! The Ring must control all these privileges. He envisioned the Bank with as many feelers as an octopus. Tentacles must extend into mine, mill, forest, toll roads, transport, stables, into the very body politic. Their suckers must drain every ounce of sustenance out of them into Bank coffers. Whoever heard of a bank running mills, mines, forests, stables? But that was what Sharon proposed.

Sharon laughed at the idea that the camp was played out. If the Comstock had produced 75 to 100 million dollars in its first 500 feet in depth, what would it disgorge in the next 500? The next 1000? It would be an anomaly in mining experience if it failed to disclose greater bonanzas at greater depth. True enough, the Lode was waterlogged. But a means could be found to drain it. Sutro was working on the problem. His tunnel would serve the purpose. The Bank must help him with a loan. Perhaps the Ring could dig the tunnel themselves. And he fortified his own beliefs by introducing into the conference the most capable experts and engineers on the Lode. All men were agreed on the benefits which would accrue to the Bank and the whole Pacific Coast when the Lode was drained and such bonanzas as were found were judiciously and economically worked.

Then he turned to the other side of the picture—the lugubrious side. Suppose, at this critical moment, the Bank should withdraw its support? What would happen? The Comstock would be abandoned. Miles of winzes would crumble. Years of development would be lost. Virginia City would be a ruin. The Bank would lose every dollar already in jeopardy. San Francisco could not escape financial catastrophe. With so much money invested, it would be a dark day for the Bank of California, a blacker one for

the whole Pacific Coast. What of those bank-fostered industries—sugar refineries, woolen mills, railroads, foundries? They would go by the board. Without the mines, San Francisco would be crippled. Alone, she could not stand. The Comstock was her crutch. Take it away. Down she would topple. Her being was centered in Washoe. From there she drew her sustenance. Since California's gold crop had failed, silver and silver alone had maintained her. What would Mills and Ralston do? Destroy the city?

San Francisco had become Ralston's passion. Her future activated him. Her welfare was his last thought at night, his first in the morning. Their careers were one and indissoluble. San Francisco was his ambition. Her fall would be his ruin. Sharon knew those facts. He was gambling upon them now.

On he went rapidly. If the Bank of California would stand behind him they would levy assessments on the stockholders and explore. In the end it would cost the Bank nothing. Then they would take two of the most promising mines on the Lode, two at its southern end, where there was less water and hence less risk, and sink to a deeper level. On his way down he was bound to unearth a bonanza or two. During these explorations he would re-work, economically, such surface ore-bodies as had been neglected. These upper bodies would defray the cost of deeper exploration. As favorable points for such explorations, he suggested the "Chollar" shaft or the "Yellow Jacket" group in the Gold Hill district. All these properties were Bank controlled.

Mills had heard enough. "The Board of Directors of the Bank of California," he interrupted, "would not consent to take the risk."

Sharon turned toward Ralston. It was risk or ruin: which? Ralston wanted to take the chance. Sharon could tread where lesser men would fear to venture. With his help what might they not accomplish? Now that Sharon had pointed out the way, Ralston was ready to steer in that direction.

"I'll agree to be personally responsible," Ralston vouchsafed, "for any loss that may result to the Bank by its adoption of Sharon's plan."¹⁸

The staid Mills was swayed by Ralston's guarantee. He knew of Ralston's great wealth. If Ralston would hold himself personally responsible for all losses, that was another matter. On those premises Sharon might proceed with his explorations.

As soon as they reached San Francisco, Ralston called a meeting of the Bank directors. Swept away by his enthusiasm and Mills' favorable opinion, those gentlemen, though unconvinced, passively yielded.¹⁹ Dividends alone interested them. Assessments were levied on the "Yellow Jacket" stockholders. Arrangements were made to open the mine.

So confident was Ralston of the gamble that he formed a partnership with Sharon: "On all transactions in San Francisco pertaining to real estate or stocks." Articles of partnership were drawn up and signed. By the irony of fate Tibbey had had to copy them. Ralston put his in an envelope, sealed it, and wrote upon the cover: "Contract of William Sharon to be delivered to W. C. Ralston only."

This agreement he locked up in the Bank's vault.²⁰

Away sailed the Bank argosy with Captain Ralston at the helm and Sharon as first mate.

CHAPTER IX

KENTUCK'S BONANZA

1865

While Sutro was seeking Eastern capital, Sharon was prospecting on the "Chollar" and "Yellow Jacket" properties. Those mines, at the southern end of the Lode, had been picked out as there was less water to impede explorations there than elsewhere.

Simultaneously, the shafts of the "Chollar" and the "Yellow Jacket" bit deeper into seams of yellow porphyry. Salaries were reduced and the work of salvaging Ralston's bank loans progressed as economically as possible. At the same time, all the mines over which Ralston had control were re-worked. Every cent of the profits was used to liquidate Bank liabilities. But the Virginia City miners had but little confidence in ultimate success. They regarded Ralston's explorations as the effort of a forlorn hope, giving only a spasmodic vitality to an exhausted lode. As for Sutro and his tunnel—they were the laughing stock of the Comstock.

Sharon felt keenly the responsibility of his position. He might be an old poker player, but never had he sat in on a game with stakes of such magnitude. Unless he discovered a new bonanza, and discovered it quickly, Ralston's Bank would founder on the difficulties which encompassed it. Thousands would be ruined, and the friend who had helped him would be hopelessly involved. As for his own future, unless—the picture could not be blacker.

Heart and soul went into his work. Not only had he the affairs of the local bank to administer, but every detail of Ralston's mining and milling operations. But he employed his time well. If a promising body of ore in some mine was reported, Sharon would send for the shift-boss or foreman, and by hook or crook get the information wanted. Then the news would be wired to San Francisco. Stock of that mine would be "bulled" up and the market would be milked,

Every morning at dawn found Sharon going down some shaft. There with lantern and pick he would seek out the most promising places to dig, and the most talkative underground shift-bosses to pump.

Then there were the mills. If superintendents were sending ore to other than Bank-owned ones, they were threatened: no more loans from the Bank of California. Every night there were reports to be made out. The stockholders of this or that company must be assessed to keep the mines going. Ralston was kept in close touch with the work which meant financial life or death.

For more than a year there was nothing to report, no profits but small ones derived from re-working old ground. But Ralston was gratified. He could see that the work of exploration was being done systematically. Expenditures were diminishing. Every day Ralston wrote a letter spurring his emissary on, a bonanza must be found.

When "Crown Point" and "Yellow Jacket" disclosed little, Sharon sank a shaft in "Kentuck" to the depth of 100 feet. No ore was found. That was a disappointment to Ralston. Next Sharon ran a drift into "Kentuck" from the 230-foot level of the "Crown Point," which adjoined "Kentuck" on the south.¹ "Yellow Jacket" lay next to and north of "Kentuck" from the level mentioned. In this drift he found a vein of promising ore. Feverishly he pursued it. With every inch the assays grew richer. Sharon was confident that he had gotten hold of something—just what he didn't know. He imparted his enthusiasm to Ralston. Ralston must purchase all outstanding "Kentuck" and "Yellow Jacket" stock. It was a gamble. The Bank was hopelessly involved. It was worth the chance.

While Ralston was in the market purchasing all outstanding stock, the vein slowly developed into a ledge of rich ore. Wider and wider it grew. The news reached California Street. Wild rumors were afloat. Stock soared. Shares sold on the San Francisco Stock Market for \$500. Sharon had discovered a bonanza. Before the end of 1865 it had yielded two million dollars.² Subsequently, \$2,905,000 more.

The miners no longer looked on Sharon as visionary. The direc-

tors of the Bank of California grew more confident in his judgment. Ralston triumphed in Sharon's success and his own escape. The pressure on the Bank loosened its hold. More and more he believed in himself and the Comstock: his foresight; and the Ledge's future. The dread of a run was abated. The ore discovered was followed to a depth of several hundred feet, always profitably.

A controlling interest in the stock of "Yellow Jacket" and "Chollar" followed.³ Vigorously Sharon pushed explorations in those mines. In both he discovered large bodies of pay ore which produced many millions of dollars. Payment of dividends was resumed. Rich returns poured into the Bank directorate. The Bank refinery filled with bullion. Ralston was jubilant. His faith in Sharon had justified itself. His star was in its ascendancy. Why had he ever doubted? For several succeeding years the three mines fanned the flame of public faith in the Comstock and stimulated exploration by other companies at other points along the Lode.

Stock boomed in the San Francisco Stock Market. Daily the streets before the Exchange were crowded with excited men and women. Incredible fortunes were made and the veiled women in black with diamond-studded ears multiplied by the score.

Ralston, with millions flowing in from the Comstock Lode, rebounded like a rubber ball suddenly released from pressure. Now he would have money to do those things for San Francisco and California that he had always wanted to do.

By chance the Nevada legislature was in session when he arrived, and Sutro decided to appeal to them for an indorsement. So forcibly did Sutro impress the legislators with the necessity of the tunnel, its future value, not only to the State, but to the nation, that he prevailed upon them to pass a memorial asking Congress to make him a loan. This resolution was drawn up in handsome printed form. Among other things the book cited the tunnel's politico-economical significance to the nation: it would increase national revenues; but foremost, it would help to pay the national debt.⁸

In the meantime, Ralston consulted Sharon and both of them put their heads together with other Comstock mine owners and capitalists. Subscriptions to the tunnel were fully discussed. After some delay it was decided to indorse Sutro's tunnel project. A number of Ralston's companies subscribed through their trustees sums aggregating together, with subscriptions from private persons, about \$600,000. Sutro was overjoyed at this news—already over half-a-million dollars subscribed. In a few weeks there seemed every prospect of seeing this sum increased, in San Francisco alone to \$1,000,000 or more.⁹

Sutro had never been so aware of success. The great Bank of California, supreme in the Pacific West in politics, in social matters and in business, had nodded its corporate head in wholehearted approval of his tunnel.¹⁰ Sutro knew what that meant. All the lesser magnates would nod their heads in assent. To Sutro, to California, to the mining world, to financiers all over the country, Ralston's nod bore but one significance. The Ring approved of the Sutro Tunnel. Such a drainway would be a great thing for Nevada, for California, for stockholders' dividends. When the mines were in borrasca, there would be tunnel dividends to carry them over. On the line of the tunnel new bonanzas might be developed.

Now Sutro felt that his troubles were well-nigh over. The great tunnel would be an accomplished fact. New Yorkers would supply the \$3,000,000 working capital. Perhaps, later, there would be a governmental loan. The tunnel would be pushed to rapid completion.

Soon there would be a town about the mouth of his proposed bore, a town filled with river mills, machine-shops and bustling with activity. Its name would be Sutro. Its promoter was supremely elated.

Then, one night, there was a secret conclave in San Francisco. Ralston, Sharon and all the Bank Ring were present. That Nevada legislators' memorial to Congress and the likelihood of a national loan had not pleased the Ring. Nor were they over-delighted with that two-dollar royalty. It would be a continual tax—an exorbitant levy for service rendered. Loans and taxes would make Sutro the richest man on the Coast. That would not be good. His wealth would be a threat to Ralston's supremacy. Besides, the question of water was not as baffling an obstacle as it had been to earlier explorations of the Lode. Apparently the water belt had been passed. They were working in a dry zone. Sharon had taken out three successive bonanzas with hardly any difficulties at all. Moreover, in the last few years Ralston had discovered many things about underground water. He had learned to measure its power. His San Francisco-made pumps were powerful enough to cope with any flood. Ralston knew that they were holding their own in the contest. For all practical purposes water on the Lode was conquered.

If water was vanquished, why should the Ring pay Sutro an exorbitant tax to drain it off? Why should they make Sutro a money power on the Coast—a potential rival of the Ring? Sutro was not one of them—and never would be. He must be crushed, he was a menace to their power.

Now the Bank of California nodded its corporate head in disapproval. Everybody knew what Ralston's displeasure could accomplish. Immediately, all financial heads on the Pacific Coast were set wagging: Ralston did not want Sutro to build his tunnel. The Ring was against him. Sharon was working in a dry belt. Further, they did not want Sutro to get his hands on a Government subsidy. No—nor did they want New Yorkers mixed up with the

he was never too busy to give a helping hand. Let a man fall from one of his building-scaffolds or get mangled in a factory wheel and Ralston would be among the first to the rescue; to rush the injured one in his own carriage to the hospital; to ease up pain on the jolting way; to engage doctors and nurses and to provide for the injured man's family during his incapacity.

All these acts endeared Ralston to a constantly widening circle of admirers: San Franciscans and Californians. Had Ralston wanted any political gift within labor's granting it would have been his for the asking. He could have been mayor of the city or governor of the State had he chosen. Since he didn't want it, these men gave him something that Comstock bullion could not buy: admiration, affection, adulation, the loyalty of a people for a well-loved sovereign. Right or wrong, he was their leader. They followed his every movement with devotion.

Sometimes when the men saw Ralston riding over Telegraph Hill on his way to his North Beach swim, they would uncover while he was passing. When his coach and four whizzed by them on the highway, covering them with clouds of dust and showering them with pebbles, they made no complaints. Never were these hard workers envious of Ralston. They were proud of him, proud of what he was accomplishing for California, proud to labor for him.

But those clouds of dust gave Sutro an idea. He had a cartoonist draw a picture of a prideful Ralston, his four horses and tallyho, going pell-mell down the King's Highway covering everybody and everything with his dust. The time would come when he could use that cartoon effectively.

Now Ralston decided to consolidate his interests on the Comstock Lode. Mills was getting restive. For some time he had not been satisfied with the seventeen ore crushers that had fallen into the hands of the Bank of California. They were not good security, he had complained. The Bank must be relieved of such an incubus. Accordingly in June, 1867, the Union Mill and Mining Company had been incorporated, with a capital of \$1,500,000 divided into 15,-

ooo shares.¹⁶ For the charter members of the new company, Ralston chose a galaxy from his Ring: Mills, Alvinza Hayward, Thomas Sunderland, Charles Bonner, Thomas Bell, W. E. Barron and Sharon. Eventually all the stock fell into the hands of Ralston, Mills and Sharon.¹⁷

To Ralston, it was a foolish thing to have those seventeen mills scattered all over Mt. Davidson. It was ridiculous to run them by steam, with wood selling at prohibitive figures. They should be driven by water. Word to that effect went out, and the Union Mill and Mining Company concentrated its stamps on the Carson.

By this time, Ralston's policy had brought most of the independent mill owners to their knees. In a short time the Union Mill and Mining Company were the owners of all the big mills on the Comstock. Then onlookers realized what had occurred. The whole Lode, like a lemon, had been caught between the jaws of the colossal combine, and every ounce of juice was being squeezed direct into the coffers of Ralston's Ring.¹⁸ That was the only way to manage it, with an expanding San Francisco program.

From then on, Sharon fed the mills belonging to the Ring to their utmost capacity, while the few remaining independent ones were utterly starved. Their owners offered to reduce ore at half the price charged by the combine; but to no avail. Not a mine on the Lode dared to help the independents. So inexorably was Ralston's policy followed out that within a short time two more mills fell into the clutches of the Ring. Superintendents of every mining company were notified that the interests of the Union Mill and Mining Company were paramount to their own. All their ore must go to Ring-owned mills. A few complained of the "piratical policy of gutting the mines," but it was useless.¹⁹ Ralston's program must be followed out to the last letter.

As the stamps must be kept going night and day, ore was taken out of the mines more rapidly than Ralston's mills could reduce it. In consequence ore bodies exhausted themselves so rapidly that there was no dividend to pay stockholders, only enough to pay the combine for milling.²⁰

Sometimes when a rich body of ore was discovered, the superintendent was notified to mix worthless rock with the pay ore. In that way the Ring's mills could be operated much longer than they could by just milling the pay dirt itself. By this method many a small bonanza exhausted itself without benefit to the stockholders but with vast profit to the Ring. If the rich ore body was insufficient for this "gutting process" the stockholders were assessed to make up the difference in the cost of milling.²¹ Sun Mountain was casting sinister shadows over California Street: women were being degraded; youth was being defiled; men made corrupt; the city debauched.

Sometimes a showing would be made in a Virginia City mine. San Francisco news-hawks would play it up in the columns of their mining reports. Up would shoot the prices of the stock on the San Francisco board. Investors would be tempted. Women operators would get the mania. By private entrances they would visit their brokers and give orders to buy. For a brief period there would be wild excitement: wild eyes, wild buying on the market. Incredible scenes would be enacted daily. Ministers, clerks, lawyers and school teachers would throw their savings, and other people's savings, into the insatiable maw of the Exchange. Then adverse Comstock reports would reach the papers: ore was "petering out" or they had struck a "horse." Down would go returns as disclosed in mining reports. Purchasers would be caught in the trap, while insiders reaped the benefit.

Veiled figures would drop out of the black-robed procession that hovered about the Stock Exchange. Hope would die out of their eyes and brilliants increase in the pawn shops. A few days later the procession, headed toward Leidesdorff Street, the "Pauper Alley" of the district, would receive new recruits.

So seductive was the influence of the market when the excitement was upon them that those with fixed resolutions could not resist a venture. The merchant would reduce his capital stock to raise a sum for Comstock investment. The lawyer would draw on his clients' money; the banker appropriate his deposits; the bookkeeper tamper with his employer's cash-box: all honest in their motives;

all assuring themselves that they could replace the funds at a moment's notice. One young broker's clerk in a few months' time used money and securities belonging to his employer amounting to more than fifty thousand dollars.²² Result? The best part of his life was spent behind San Quentin's bars.

A minister had been investing for himself and a brother divine. So long as dividends were coming in there was harmony and unity between them. A sudden drop in stocks swamped their mutual capital. Ill-feeling was created. The breach widened. Bitter animosity cropped out. A scandal developed. Before peace could be restored the holy cause in which they labored was dishonored. Everywhere human debris from the stock market was being blown over California Street.

The Insane Asylum at Stockton filled up with living witnesses to Washoe's wild excitement. Mental wrecks who had gone stock mad haunted the streets. California buried more suicides in proportion to population than any other State in the Union.²³

One quiet morning, when nature was all smiles and the world looked brighter than for many a day before, a sharp report was heard in one of San Francisco's Nob Hill mansions; the owner was found a corpse. He had sent a leaden messenger direct into his heart. Cause? As the evening paper sympathetically expressed it: "He had lost in Comstock stocks."²⁴

The Bay gives up its dead. In the ghastly remains washed ashore, the features of a well-known business man were recognized. The jury brought in a verdict: "Accidental drowning." Later developments proved that the victim had sought relief from financial ruin by hiding beneath the billows. Stocks? Yes, it was Comstock stocks.²⁵

Gradually Comstock gambling was undermining the fiber of Ralston's realm.

voice: it was theirs, the voice of the common people. The voice of the working man crying aloud against the greed of the monopoly that was exploiting them.

With every sentence the listeners grew angrier and angrier, as Sutro exposed the manner in which Ralston's Ring had victimized them.

"Many of you will be utterly astonished to learn that neither the Bank nor the Mill Ring own more than a few shares in each mine, just about enough to be elected trustees of the companies, while you, the miners and residents of Virginia City, always own a large amount of stock, and sometimes a controlling interest in many of the mines. How is it possible that they can control the elections, put in men of their own Ring as trustees, and manage and manipulate these mines as they please, to further their own ends, if they do not own any stock?"

How? Indeed! And Sutro showed them how they had been gulled and swindled and humbugged, and had allowed this clique, by sharp practice, to carry out their nefarious schemes. "Go and examine the books," Sutro thundered, "convince yourselves, and then wonder how such unblushing falsehood, based on brass and impudence, could have existed so long and not be exposed."

"You all know there is an institution in San Francisco called the Bank of California; they have a branch house in Virginia City over which William Sharon presides. Their capital stock is \$5,000,000, with which they do a business of many millions more. They loan out a great deal of money; whether they loan out any of their depositors' money we don't know; but they loan out a great deal. They loan a great deal to their individual members, who are engaged in extensive speculation. Some of them pay, but a great many do not; that money is scattered all over creation, and whether they could pay all they owe, should they be called upon, I doubt very much."

Sutro paused to let this astounding statement sink into the minds of his hearers.

"Now let us see how their control of the mines further operates.

There is a concern called the Union Mill and Mining Company, composed of just about the same men as control the California Bank and the mining companies. At the head of that concern, at Virginia City, is the agent of the California Bank. Somehow or other this mill association has gobbled up all the valuable mills in the neighborhood, and, as is stated, by paying a very small portion of the cost of them. Most of these mills were erected by private individuals, depending on a supply of ore from the companies on the Comstock Lode."

Then Sutro went on to tell the startled miners that in controlling the mines, Ralston's bank had seen fit to control the ore. Only those mills which were in his good graces received any rock. The others had to borrow from the Bank of California to tide them over. The poor victim on taking that money signed his own death warrant. As soon as such a mill man was indebted to the Bank, he received no more ore. When he could not pay the interest on his indebtedness, the mortgage on his mill was foreclosed and the man was utterly ruined.

In this wise, Sutro continued, Ralston's bank became possessed of nearly all the valuable mills on the Comstock, costing millions of dollars, at a trifling cost to them.⁸

Neither did Sutro stop there with his exposé. While he was about it, he decided to become aggressive, as well as defensive, to take the war into the Bank's own camp and attack them where he knew they were the most sensitive: in their own pockets. He drew the men's attention to what every one of them knew full well: "their nefarious business methods, as well as their absolutely dishonest and wicked gambling system," and the amazed miners listened as he unfolded, in clearest English, plots and schemes that, as a rule, were never referred to above a whisper.⁹

"There is still another way by which you are victimized," Sutro continued. "Supposing the superintendent and foreman of a mine are pliable tools in the hands of these cormorants, how easy it is, when a rich body of ore is discovered, to keep it secret, and instead of taking it out, start the miners going in the wrong direction,

taking out inferior ore or bed-rock, sending it to the mills, involving the mine in debt, necessitating assessments, and then depreciating the stock. And how simple is it for the Bank to gobble it all up again quietly, while it is down, and after a large amount of it is secured, to set all the men to work that can find room and take out the good ore, make a great noise over it, declare large dividends, send up the stock, and then quietly sell out and pocket a million or so.

"How many of you have been bitten in this manner?" Sutro demanded. "What show have you when the cards are thus stacked against you? Have you ever seen a cat play with a mouse? It lets it run a little piece and then catches it again and repeats the experiment a number of times, to its great delight and amusement. But did you ever know it to fail that the cat ate up the mouse in the long run?

"A few of you make a good strike once in a while by sheer accident; that keeps up the excitement, and so you keep on gambling in stocks, pay your assessments, and in the end you will be eaten up like the poor mouse. There is no guesswork about it. It is a sure thing.¹⁰

"Fellow citizens, do you commence to understand why this Ring opposes the construction of the Sutro Tunnel? They have thus far had things their own way, and have with a high hand grasped and taken everything worth having in the State of Nevada. They, like the devil-fish, have reached out their long slimy arms and taken hold of everything within reach, and nothing can escape their deadly grip. Do you think for a moment that they would allow so valuable a property as that of the Sutro Tunnel Company to escape their notice? Do you suppose that this clique, whose ideas of mine and thine are very confused, would not go to every exertion to obtain so great a prize by intrigue, machinations, and scheming? Do you suppose they would allow a superior power to spring up in their very stronghold, and not make every effort to destroy it? And do you believe that they would allow it to grow at all, but that they would nip it in the very bud?

CHAPTER XXVI

SHARON'S CONSPIRACY

1872

By 1872 Sharon was consumed with ambition. Next to D. O. Mills he was reputed to be the wealthiest man on the Pacific Coast. Although Ralston had put him in the way of accumulating every cent of it, he now intended to free himself, and use his own wings.

After the "Belcher" discovery, he was finished with Virginia City. He wanted a bigger field of operation. The Comstock was a gambling hole, not a place to reside. Who could be proud of hailing from such a spot?

Acceding to Sharon's demands for retirement, Ralston had appointed his brother, A. J. Ralston, agent of the Bank of California in Virginia City.¹ Sharon departed for San Francisco, through forever, he believed, with the Comstock as a place of residence.

In nine years he had gotten even with the Lode as he had once sworn he would. No one had plundered it to better advantage. But nothing is gained without some loss. In making himself a wealthy man, Sharon had antagonized the Comstockers and warped his own fiber.

Now, along with the Ring, Sharon believed that if he could be elected United States Senator from Nevada he would be able to fight this persistent Sutro to a finish. Never, then, would Sutro be able to get a Government loan. Never once had Sutro gotten the best of him on the Comstock. Rest assured if he were in Washington neither would Sutro get the best of him there. He would find the way to end Sutro's influence with the lawmakers.

No one knew better than Sharon how necessary it was to protect the Bank's monopoly on Sun Mountain against Sutro. Now the

operations.⁴ Capital of the Bank, at that time, was supposedly \$5,000,000. Of this there was due the Bank from George P. Kimball & Co. (carriage builders), \$578,580.46; from the New Montgomery Street Real Estate Company, \$1,971,696.56; from the Pacific Woollen Mills Company, \$967,900, a total of \$3,518,177.02.

These loans, from the Bank's capital, had been made to the owners of the properties, William Sharon & Co., in which Sharon and Ralston were equal partners. Now these companies were not paying the interest on their loans, and the Bank could not collect.

Money was stringent in February, 1873. Ralston was worried not only about the condition of his companies, but also about the Bank's assets, and he wanted the directors to know exactly what was going on.⁵ When the directors heard this distressing news, they were far from cheerful. The price of Bank stock was high. The directors wanted to keep it that way. But how could they when two-thirds of the assets were frozen? Every month they were getting a good dividend. Naturally they did not want that income cut down.

The discussion that developed was not a particularly agreeable one. The directors were nettled with Ralston. They did not like to see their incomes threatened nor the Bank jeopardized. Ralston's information had hit them in two vulnerable spots: pocketbook and pride. But facts were facts, and Ralston pointed them out plainly. What did the directors want him to do about it?

Mills objected strenuously. Why keep three such accounts in the Bank's portfolio? They were not income-yielding securities. Hence they should be thrown overboard.

So much dissatisfaction developed that Ralston was forced to "assume personal responsibility." When the loans had been made the directors had been pleased enough with the investments. For years afterward the three had paid good dividends and had enriched them all. Had it not been for the Southern Pacific trains they would still be paying. Now that they were freezing, Ralston must assume full responsibility. How often Mills had required that!

Nine years before when Ralston had wanted to establish an agency

of the Bank of California in Virginia City and had suggested Sharon as agent, Mills had objected until he had been assured of "personal responsibility" on the part of Ralston, and he had gotten it. Since, Mills had had no cause for complaint. Hadn't the agency proved a gold mine for Mills as well as for every other man concerned?

If in the future the Kimball Company, the New Montgomery Street Real Estate Company, or the Pacific Woollen Mills, turned out profitable investments the directors would be willing to share the profits, but never would they share liabilities. Long ago Ralston had learned that lesson. "If you make money for these people," he had confided to his brother, "you won't get any thanks, but if you lose money you will be cursed for it."⁶

The directors made themselves plain. If Ralston wanted those loans he must protect the Bank during the prevailing money stringency by assuming full responsibility for them. On February 19, an agreement to that effect was signed by J. D. Fry, Ralston's father-in-law, and D. O. Mills, president of the Bank, and ratified by the directors.⁷

Daily, without comment, twenty-five tons, assaying \$60 to the ton, were taken out of the "Consolidated Virginia" mine. Underground, Fair was jubilant. On the surface he became a poker-faced gambler. Never for a split second was that expression allowed to relax. Sharon interpreted both silence and appearance entirely wrongly: the Irishmen had found nothing. All the time, on the San Francisco stock market, "Consolidated Virginia" shares were dropping in value. That falling market could not have pleased the insurgents better. Ralston's crowd would be completely misled. They would lose interest in their shares and disgorge.

While Sharon continued to laugh up his sleeve, Flood and O'Brien laid aside their aprons long enough to go into the market in search of stock selling at low figures. Not content with their own efforts they hired one or two little-known brokers to buy up "Consolidated Virginia" and "California" on the quiet. With pockets bulging with stock, back they would go to the "Auction Lunch" to

listen to what the stock sharks and mining experts had to say of the falling market. It was very depressing.

While mining shares were looking lugubrious on California and Pine Streets in San Francisco, Fair was down 710 feet with the new shaft he was sinking on the 1167-foot drift of the "Consolidated Virginia." Down it was going at the rate of three feet a day. At the same time the drift from the "Gould and Curry" was being rapidly pushed to the north. Unbearably foul, due to lack of ventilation, grew the air. By October, 1873, the shaft reached the level of the drift and a current of fresh air shot through. Stimulated by the draft, Fair drifted southeasterly a distance of 250 feet until he reached a deposit of rich ore.⁸

Within fourteen days he had cut a chamber out of the ledge from 30 to 54 feet in width, 20 feet in height and 140 feet in length. Walls, roof and floor, assaying from \$93 to \$632 per ton, would have staggered Aladdin with their riches.⁹

As for Mackay and Fair, they remained absolutely mum on their discovery. Even the workmen, instructed to hold their tongues, divulged nothing of what was going on on the 1167-foot level of the "Consolidated Virginia." Thus the people on the surface and those in San Francisco knew less than nothing of what was occurring in their very midst.

All this time Ralston was looking as serene and unconcerned as if he bore no added weight upon his shoulders. In October, Mills resigned the presidency of the Bank of California and Ralston was elected in his stead. Mills said he wanted a respite from business to travel abroad. Some onlookers claimed that his resignation was prompted by the lack of liquidity of the capital funds of the Bank.¹⁰ The "freezing" of some of the William Sharon & Co. accounts had hastened it. On the contrary, Mills announced that never had the Bank of California been in better shape: "all the investments were sound."¹¹

Be that as it may, on retiring, Mills insisted on selling his 5000

shares of bank stock. Ralston remonstrated. The name of Mills, at the head of his list of stockholders, had a potential value. Resign if he must but retain his stock. But Mills was insistent. Much against his wishes, Ralston took over Mills's certificate of stock, paid him in cash and speeded him on his round-the-world tour. Mills departed, believing that he had severed all ties with Ralston's bank. But somehow or other Ralston neglected to remove Mills's name from the books. To do that, at this time, he told himself, would have had a bad effect in banking circles in San Francisco.

Even after he became president, there was very little difference in the Ralston program. Every month the 1 per cent dividend went over bank counters. Every morning, shortly after dawn, Ralston, debonair and smiling, was at the Palace Hotel. There was no let-up in outlay. Every noon he was lunching at the Union Club. Some evenings he swam off North Point. Others he dispensed a princely hospitality at his Pine Street residence or at his Belmont villa.

Never had there been such a person in San Francisco. "A more genial, liberal or charitable man never trod God's earth," men said. "He was humble; he was simple in his everyday life. It was as easy to approach W. C. Ralston, president of the Bank of California, on business or on a mission of charity, as the most humble hod-carrier in the city."¹²

Morning, noon, night and day Ralston received a public ovation at the Palace, on the streets, at the club. Everywhere he was greeted with a glad eye, a warm clasp of the hand, a lifted hat. No Grand Duke in his prime could have attained a warmer acclaim from his people than California's first citizen was receiving hourly in his capital city. Generous to the needy, to the widow, to the orphan, to unfortunates, to the homeless, and to the bereaved, he was hailed everywhere as the friend of the poor; as a patron of art; a commercial "tycoon"; a great banker; and philanthropist.

San Franciscans loved, respected, all but worshiped Ralston. The poor blessed him as he passed. Children ran after him. Some men hated him for his success. Some were envious of his popularity. A

bonanza exhausted itself. If Deidesheimer were right and there was \$1,500,000,000 in bullion in the bonanza, think what that would mean with royalties at two dollars a ton! Never had an earth-monster made such a frantic effort to burrow through the earth and catch a prize as Adolph Sutro was now making with his diamond drills, and air-compressors and dynamite.

Upon the opening of this bonanza and its development northward through "California" ground to the south line of the "Ophir," Sharon induced Ralston to believe that the "Ophir" contained the richest part of the great bonanza.²⁴ Hadn't that been true of the "Crown Point" bonanza? Hadn't the richest part of it extended through to the "Belcher"? Hadn't they picked up the stock for a song? Hadn't William Sharon & Co. made millions in that maneuver? Out of those millions had emerged the Palace Hotel and the palatial Pine Street residence. Out of them had come a great stimulus to the growth of San Francisco and California.²⁵

Ralston was aware of all these facts. Besides, out of the "Ophir" had come the Comstock's first bonanza. It had been a surface one. But with deeper development, as in the "Virginia Consolidated" and "California," it stood to reason that there would be more. By such reasoning and with previous example to back the argument, Ralston was induced to believe that history would again repeat itself: The "Consolidated Virginia" and "California" bonanza would continue itself into the "Ophir" just as the "Crown Point" had done in "Belcher" ground.

Ralston was in dire need. There were all his offspring to think about: those "personal responsibility" notes; the New Montgomery Street Real Estate Company; the Pacific Woollen Mills; the Kimball Carriage Company; the Cornell Watch Company; as well as a hundred other responsibilities to consider. Above all, there was the Palace Hotel, half finished. Another bonanza was urgently needed.

With so many obligations outstanding it was a bad time to go into the market. It would take thousands to control "Ophir"—hundreds of thousands, but it must be done. Ralston could read the

writing on the wall: already the "Virginia Consolidated" bonanza had endangered his money power. The greater wealth of the Bonanza Kings, as the Irish quartet were now called, would eclipse the supremacy of the Bank of California. He must discover a greater bonanza.

Fortunately there was little chance of doubt. Hardly a risk. Experts assured Ralston of the continuity of the bonanza. So William Sharon & Co. went into the market to buy "Ophir" at bedrock prices. Whatever it cost, "Ophir" must be controlled.

ment, befuddled guests would wander into the wrong sleeping rooms to the great embarrassment of the host.⁴

Some nights fifteen or twenty of Ralston's crowd would meet at a favorite restaurant. One would order dinner, another wine, while a third would engage a loge at the California Theatre, where Edwin Booth was playing Richard III, Macbeth, and Othello. About this time Adelaide Neilson, the celebrated English prima donna, came to San Francisco for a limited engagement. So delighted was Ralston with the exquisite quality of her interpretations, that he deluged her Occidental Hotel rooms with flowers and one night presented her with a diamond necklace that had cost thousands of dollars.⁵

On another occasion he gave a banquet in honor of Madame Neilson. Newspapers spoke of it as the most sumptuous ever served in San Francisco.⁶

Up until this period, Mackay and Fair had always kept their checking account in the Bank of California agency. Out of it they had paid their mine and milling expenses in Virginia City. At one time, Mackay had on deposit with Ralston, \$1,800,000. Lacking a place of their own, the Irish quartet had stored their "Consolidated" and "California" bullion in Ralston's refinery. Even then, they had \$400,000 in bars deposited there in his care.⁷ But they decided to change all this.

In the spring of 1875, there arose rumors of a disturbing nature to Ralston. The bonanza quartet announced that they needed a bank of their own, and a refinery in which to deposit their bullion. On a piece of San Francisco property, bounded by Montgomery, Pine and Summer streets, lately acquired by Flood and O'Brien, slowly arose an imposing edifice. It was to be called the Nevada Block, to commemorate the source of their great wealth. Its first floor would house the Nevada Bank of San Francisco, of which Mackay, Fair, Flood, and O'Brien would be directors. Their pres-

ident, a fifth member lately admitted to their circle, would be Louis McLane, originally an incorporator of Ralston's bank, later president of Wells Fargo Express Company and of the Pacific Mail Steamship Company. Locked up in their bank vaults would be their capital stock: \$5,000,000 in Comstock gold.

Of all banks in the world the Nevada was to be the only one with a paid-up capital of yellow metal: that alone was a threat to Ralston whose investments required a wide circulation of money. But the Irishmen were using no aggressive tactics. Every move was as logical as a child falling off a log: they needed a bank to handle their San Francisco Stock Market operations. They had the capital. Therefore they had founded the Nevada Bank of San Francisco. They wanted complete independence of California banking houses. Every move was as inevitable as the day of doom.

Yet the very presence of the Nevada Bank on Montgomery Street, the removal of the bonanza crowd's checking accounts, a new center of stock-dealing operations, was competitive and therefore threatening to Ralston.

Ralston noted these changes with alarm. Where before there had been only one financial sun, clearly, now, he could see another arising over San Francisco's horizon. A sun whose inevitable course across California's commercial firmament he had been unable to stay. A sun that was giving forth tremendous light, warmth, and animation. Toward its rays, old adherents were stretching forth eager hands: in welcome, in obedience, in obeisance. It was distressing. Look at Louis McLane: once an original incorporator of the Bank of California; now an adherent of the Irish insurgents. With dread foreboding, Ralston read a writing on his bank walls. Not "Mene, mene, Tekel," but words more significant. Supremacy was doomed. The Irish insurgents were eclipsing him. It was a bitter sight. Fresh alignments were being made, new allegiances demanded. The old order was changing, a new day was dawning, he must be ready to re-adjust himself.

If he was to continue as the financial Cæsar of San Francisco he must look to his laurels. He would not yield. He must win out.

When his old followers came to Ralston's office seeking financial advice, he was ready for them. As debonair and light-hearted as ever. He had two superb offerings to make. Either of them were excellent investments: buy "Ophir" or buy "Spring Valley," or both. One would control a Comstock bonanza, the other would corner San Francisco water. On neither could his friends make a mistake.

The discovery in the "Consolidated Virginia" and "California" had forced Ralston and his Ring to open the dormant "Ophir" which lay next door to that fabulous bonanza. When they had done so, they had convinced themselves of a bonanza. Not only an extension of the one in the "Consolidated" and "California" mines, but a separate, distinct one. In shape it was not unlike an egg. Narrow at the top and gradually widening out as it descended.

It was the physical presence of that bonanza that had added conviction to Ralston's advice regarding "Ophir" and he was determined to control and share it with his friends.⁸

Another bonanza, Ralston realized, was imperatively needed to keep up the enterprises which had absorbed all his means and from which he could not withdraw without disaster. Also, he had implicated himself. In a way he had fallen into Sharon's power; to complete the Palace he had been forced to borrow \$2,000,000 from him. Besides that, availing himself of his position in the Bank, he had drawn freely on its resources.⁹ Worst of all, there were all those notes for frozen assets. Not yet were they paying a cent on the principal involved. Once more solvency depended upon the Comstock. With confidence Ralston turned toward the Lode. Twice before, Sun Mountain had rescued him. He had come to believe that whenever he needed a bonanza the Comstock would send him one. Always it could be depended upon. Neither did he doubt Fate this time. Eagerly he turned toward the "Ophir"; eagerly he directed the attention of his Ring in that direction; even Mills who had lately returned from Europe harkened to Ralston's slogan: "Buy 'Ophir!'" or "Buy 'Spring Valley Water!'"

Many others, notably "Lucky" Baldwin, had arrived at the same

conclusion: The "Consolidated" and "California" bonanza would undoubtedly extend through to the "Ophir." Now they, too, entered the lists. Of these, already, "Lucky" Baldwin was the largest holder of "Ophir" stock. Ralston realized that he could only gain control of the mine by buying them out. There were 108,000 shares. Of these, he would have to have more than half. Enthusiastically he laid out his plans for the coming campaign.

In all of these moves Sharon had aided and abetted Ralston. On his own, he had proclaimed his confidence in the "Ophir" mine as a permanent investment. Statements to that effect he had circulated upon the street and whispered in confiding ears. *The Territorial Enterprise* in Virginia City and *The Gold Hill News*, both now owned by Sharon, had written up the mine as one of tremendous value. Recent discoveries had been played up to startling proportions. These highly wrought descriptive accounts of the extent of ore bodies, and the richness of assays would have justified investment at the highest prices.

Thus Sharon & Co. entered heartily into Ralston's plan to control "Ophir" before the December elections.¹⁰

In the spring of 1874, Sharon had, again, announced himself as a candidate from Nevada for the United States Senate. Sutro stood a good chance of getting a two-million-dollar loan from Congress. The Committee on Mines and Mining had already recommended it. According to the Bank, this Sutro loan must be defeated.

This time Sharon announced that he would run on the Republican ticket to succeed William T. Stewart—dynamic Bill Stewart. Stewart had made an enviable reputation for himself in Washington. Faithfully he had listened to the supreme voice in San Francisco; obeyed to the letter all behests; even to resigning the presidency of the Sutro Tunnel Company. But now Sharon, consumed by ambition, was getting out of hand. No longer could Ralston stay him with a crook of the finger. Already the Bank had one enemy in Jones in the United States Senate. Not knowing what might happen, Ralston regretted seeing an old retainer like Stewart

pushed aside. But he could do nothing about it. He must have Sharon where he could defeat Sutro.

When Sharon announced his candidacy, he promised his constituents to outdo Jones in the extent of campaign expenditures. Unjustifiably, as events had proved, Jones had squandered over half a million dollars on a foregone conclusion.¹¹

As the campaign developed, Sharon kept to his promise. His lavish scattering of money throughout the State before the election dazzled the West. By many it was considered a disgrace to Sun Mountain. During this period, Nevada earned the reputation of being a rotten borough. But as a publicity stunt, this debauch was a huge success. It attracted the attention of California newspapers, and was fully discussed in political circles throughout the country.¹² No less than \$800,000 of Comstock wealth, it was claimed, had gone into Sharon's publicity fund.¹³

Neither had Sharon any intention of distributing all that money without reasonable prospects of good returns.

Early in his campaign Sharon had given out the information that a deal in "Ophir" stock was to be consummated during the fall of 1874. Into the ear of every legislator he had whispered a confidential tip: "buy all the 'Ophir' possible, keep buying, but, above all things, do not hold the stock after it has reached \$300." That "confidential tip" spread throughout the sagebrush country. Every one to whom it was confided hastened to buy "Ophir." When it was known that Sharon himself was buying heavily, his confidants spent every farthing they owned for "Ophir." At the same time in San Francisco, Ralston was trying to gain control of "Ophir" as quietly as possible. Sharon's "tip" and buying caused a premature rise in the market price. As the campaign continued, every share of "Ophir" began to cost Ralston more and more.¹⁴

As soon as Sutro learned that Sharon was a candidate for U. S. Senator from Nevada he was violently opposed. Not for an instant would he have Ralston's right-hand man go to the Senate where he could use his position to cripple the tunnel enterprise. Consequently

Sutro entered the lists himself, determined at all hazards to "tunnel Sharon's prospects."¹⁵ He made up his mind to run on the Independent Dolly Varden ticket, for the United States Senate.

During the campaign, Sutro and the Independent Party chartered Piper's Opera House in Virginia City and thus forced Sharon and the Republicans to hold their mass meetings out in the streets.

Again Sutro resorted to pictures. Cartoons had started the tunnel. Pictures would send him to Washington. The eye coupled with a proper amount of oratory would be hard to beat.

Sutro had magic-lantern slides painted in the East. They depicted Sharon in various rôles: as a man who had prospered on the misfortunes of others; as the instigator of the crookedest railroad in the world; as a profiteer in Sierra lumber and water. All day-long free exhibitions, one after the other, like a popular cinema, were given to crowded houses.

To counteract these picture shows, Sharon engaged Tom Fitch, the greatest spellbinder on the Pacific Coast. His job was to wither the Sutro movement. He went about it with strangely clothed metaphors, biting wit, and scathing satire.¹⁶

"The Sutro Tunnel Bill," he declaimed, "was an autogenous scheme to plunder, one of the worst in our official records!" He predicted that the tunnel would be finished "in about two centuries, but if Congress would assist Sutro in his unscrupulous plunder scheme, he might live to enjoy the honor and fame of being the founder and finisher of one of the most disgraceful enterprises in the United States."

In addition to these oratorical outbursts, Sharon carried on his campaign through the press of California and Nevada. This time he had not dared to trust his campaign to Joe Goodman, editor of *The Territorial Enterprise*, who during the previous one had made him the laughing-stock of the Comstock Lode by alluding to him as a "hyena" and accusing him of throwing honor and honesty to the winds and breaking "faith with men" whenever it suited his purpose.¹⁷ To avoid such a repetition Sharon had bought *The Territorial Enterprise* outright. It had cost him many thousands of

On the strength of the money Baldwin had made in "Ophir" he erected a sumptuous hotel and theatre on Market Street: The Baldwin. Near Pasadena he laid out the Santa Anita Rancho and race-course.

Keene had also been gifted with the same foresight as Baldwin. On his own account he had been acquiring "Ophir," then selling it to Ralston at a big advance: thereby making many of his own millions,¹⁰ and laying the foundations of his enormous Wall Street fortune.

But Ralston was happy. He was not counting the cost. He had set out to control "Ophir." He had succeeded. With this bonanza he felt his struggles would be at an end. In addition he had the Spring Valley Water Company to think about.

Now Sharon played his trump cards. Besides the shares Ralston had bought for the joint account of William Sharon & Co., Sharon had been buying "Ophir" on his own. By fall he had quite a block of stock and so had every politician in the State of Nevada. The latter could hardly wait for the day to come when "Ophir" would reach \$300, and they would each make a nice little nest-egg of their own.

In November, as soon as the Nevada elections were over and his United States Senatorship was assured, Sharon began to unload his "Ophir" stock. Some he sold as low as \$200 a share, some as high as \$250, until it was all gone. Then he "shorted."¹¹ "When he filled his 'shorts' he got back all the money he had spent in his Senatorial campaign and several hundred thousand dollars more."¹² His coup had been successful. The market broke just as he had expected. Many operators, suspicious of Sharon's design, condemned him for the wicked way in which he had betrayed his political supporters. "If this be true," cried De Long, one of his dupes, "the man is a demon and deserves destruction."¹³

Unaware of the cause of the market break, Ralston tried to sustain

the market. He was in a desperate position, but never for a moment did he lose his composure nor his confidence.

Now, all of his available assets were tied up in "Ophir" or Spring Valley Water Company. He could neither sell the shares of "Ophir" that he had purchased nor could he sustain their market value. There was not in his bank nor on the whole Pacific Coast capital sufficient to support the stock at the figures at which he had purchased it. He had to be content to watch it fall.

Then the "Bears" started a rumor. Ralston's "Ophir" bonanza had given out. It was not an egg-shaped one as experts had declared, that would broaden out as it descended. At the top it had widened, then it had absolutely flattened. It was only a small part of an egg, less than a quarter. When cross-cuts had been run, it was found that it had pinched out and was a failure.¹⁴ Like the second shock of an earthquake those bad tidings shook Ralston and the stock market to their foundations.

The Exchange was demoralized. All stocks fell with a resounding crash. "California" in the second week of January, 1875, dropped 200 points. By the end of the month it had lost 170 more. During the same period "Consolidated Virginia" passed from \$710 to \$595 then to \$452. "Ophir" dropped from \$315 to \$183. Not even at that figure could Ralston sustain it. In the third week in January it sank to \$133, and in the fourth week to \$116. Finally, absolutely unsupported, it fell in utter collapse, to \$50 a share.

San Francisco staggered financially, morally and commercially under the strength of the blow dealt Comstock stocks. Men as well as women were ruined. The march toward "Pauper's Alley" became a procession of ragged and hopeless people. So intimately associated was Ralston's industrial empire with the Comstock Lode that the Coast was demoralized. Values were destroyed. Confidence was weakened. Men distrusted their fellow men. Where before had been happiness and security, hate and loss of faith took their place. The worst phase had not yet dawned on San Francisco. There were known bonanzas in "California" and "Consolidated Virginia" but

beaming under money-bags, others were groaning because their checks had produced nothing.

Now there were thousands on the street. They rocked to and fro. They assaulted window and door. Men clung to balconies and hung over cornices in their anxiety to get into the bank; on every face dismay was written. Every voice registered utter distrust.

"What right," bawled one, "has a bank manager to dabble in stocks, to 'bull' and 'bear' the market, to give credit to mines that are quoted at ten times their value or that have no value at all?"

"What security is there for depositors if the manager has an iron in the fire for all sorts of schemes?" retorted another.

"How can the president of a bank build hotels, run a real estate office, manufacture furniture, build carriages, make watches, run a theatre, race fast horses and entertain as lavishly as a prince? How can Ralston do all these reckless things and expect his bank to withstand a crash?"

"The *Call* and *Bulletin*," began one, and was choked off.

"Gambling in Comstock stocks has ruined the city," brought out another.

"Flood and O'Brien," retorted a third, "are somehow at the bottom of this trouble. On Wednesday they withdrew a couple of million of dollars from the bank.¹⁷ Besides, they have been recommending several heavy depositors among their friends, to withdraw their deposits."¹⁸

On went loud protest and bitterer complaint. And all the time Ralston's bank was bleeding, bleeding from every counter and vault, bleeding the silver that had come from "Crown Point" and "Belcher" and the newly minted bullion coins from the refinery.

While the run was at its height, an old depositor, having supreme confidence in the Bank of California, struggled vainly for entrance, declaring that he had \$40,000 which he wished to deposit if the crowd would only open its ranks and give him a chance. But the throng